

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Structure and Practices of the Video Relay	)	GC Docket No. 10-51
Service Program	)	
	)	

**REPLY COMMENTS OF VERIZON<sup>1</sup> AND VERIZON WIRELESS**

By leveraging the power of broadband and other cutting-edge advances in communications technologies, the Commission’s video relay service (VRS) program significantly enhances the quality of life for deaf and hard-of-hearing individuals. In this proceeding,<sup>2</sup> the Commission asks how best to structure VRS provider compensation from the Telecommunications Relay Service (TRS) fund. The Commission is on the right path: Recent Commission initiatives to combat VRS fraud and abuse and to bring reason to VRS provider reimbursement rates demonstrate that it is indeed possible to have a robust VRS program that consumers can afford. Verizon supports the sensible comments of the deaf and hard-of-hearing consumer groups and others that urge the Commission to enact VRS provider reimbursement measures that appropriately balance access to functionally equivalent services with the Commission’s duty to administer the VRS program in an efficient manner. To help achieve these objectives, the Commission should set an expectation that VRS costs (and corresponding rates) will decrease over time and establish a new federal VRS provider certification process.

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<sup>1</sup> In addition to Verizon Wireless, the Verizon companies participating in this filing (“Verizon”) are the regulated, wholly owned subsidiaries of Verizon Communications Inc.

<sup>2</sup> *Structure and Practices of the Video Relay Service Program*, Notice of Inquiry, 25 FCC Rcd 8597 (2010) (“NOI”).

Customers of Verizon ultimately fund a significant percentage of the TRS fund, the lion's share of which is now dedicated to VRS. Accordingly, Verizon shares the concerns that several parties in this proceeding have expressed regarding fraud and abuse within the VRS program—which contributed in significant part to rapid increases in the size of the TRS fund. *See, e.g.*, Comments of Telecommunications for the Deaf and Hard of Hearing, Association of Late-Deafened Adults, National Association of the Deaf, Deaf and Hard of Hearing Consumer Advocacy Network, and American Association of the Deaf-Blind at 8 (“Consumer Group Comments”); Comments of the Florida Public Service Commission at 3; Comments of AT&T at 2. There are competing views on the best way to structure a long-term VRS provider reimbursement mechanism that will protect consumers from the kinds of abuses and large year-over-year increases in TRS funding experienced over the last several years. Whatever system the Commission ultimately adopts, however, should incorporate two suggestions offered by commenters—an up-front expectation that VRS costs (and corresponding reimbursement rates) will go down over time and a new federal VRS provider certification process. Incorporating these elements into any VRS reimbursement mechanism will deter fraud and abuse and will help the Commission satisfy its statutory requirement to administer the TRS fund “in the most efficient manner.” 47 U.S.C. § 225(b)(1).

First, the Commission should establish an expectation that VRS providers’ costs (and corresponding rates) will decrease over time as technology improves and video relay services gain ground. Video relay is still an emerging technology that is evolving rapidly with the broader Internet and other IP services. To make sure that consumers who pay for the TRS fund are not required to contribute more than what is necessary, the Consumer Groups propose that the Commission set predictable VRS provider reimbursement rates in this proceeding and then

commit to reevaluate those rates on a scheduled basis, such as every 3-5 years. Consumer Group Comments at ii. At the same time, the Consumer Groups suggest that it is reasonable to expect VRS costs, and rates, to decline over time. *Id.* at ii, 28 (suggesting that efficiency gains should help drive down VRS costs and endorsing a regulatory approach to VRS compensation that will “encourage efficiency and lower rates over time.”). This is a sensible approach that would ensure that VRS providers have access to “predictable and fair” support and would help guard against the problems associated with rapid increases in VRS payments and the fraudulent video relay practices that have plagued the program over the last several years. *Id.*

Second, the Commission should adopt a new federal certification system to ensure that VRS providers meet certain basic criteria before drawing reimbursements from the fund. Currently, there are no meaningful restrictions on a provider’s ability to set up shop as a VRS provider and draw support from the TRS fund. *See* NOI ¶¶ 24-26. New VRS providers are able to participate in the program either by virtue of their state TRS certification, a subcontracting arrangement with another certified provider, or application to the Commission for certification. The absence of a standard federal certification process and required demonstration of legitimacy raises several concerns and has undoubtedly contributed to the endemic fraud and abuse in the VRS program. Indeed, the Commission acknowledges that VRS provider applications have proliferated in recent years and that Commission staff “has several pending applications for VRS certification and routinely continues to receive inquiries from persons interested in learning how they can become VRS providers,” including inquiries from providers that “have no prior TRS or telecommunications experience.” *Id.* ¶ 25. Current processes simply do “not offer adequate oversight and assurance that certified VRS providers are offering satisfactory service and are only seeking reimbursement for authorized service.” *Id.* ¶ 26.

Moreover, as an IP service, VRS is—appropriately—treated as an exclusively interstate service supported entirely by the federal TRS fund. In this situation, it does not make sense to rely on state TRS certifications, which have no connection to video relay offerings. The Commission concedes that this is a significant shortcoming, noting that “certain states have been known to ‘rubber stamp’ applications for [VRS provider] status, even where the applicant has no prior background of or intention of engaging in other telecommunications services.” *Id.* ¶ 25.

Several commenters, including existing VRS providers, acknowledge that the provider certification process must improve in order for the Commission to get a better handle on the TRS fund. “[States] are unlikely to expend resources monitoring the performance of VRS providers to ensure that they are complying with the standards promulgated by the FCC for the service. Similarly, a certified entity has no incentive to ensure that its uncertified subcontractors are meeting the minimum standards. . . [The Commission] will have to monitor the performance of the entity to ensure that the such entity is providing service . . . as well as auditing the minutes and costs being submitted by each provider.” Comments of Sprint Nextel at 13; *see also* Consumer Group Comments at 14 (“By requiring certification prior to offering service, the FCC will increase accountability and its ability to track and monitor VRS providers, which will create a disincentive for fraud and abuse.”); AT&T Comments at 15-16 (“[W]hite labeling relationships have developed whereby entities that are eligible to recover from the Interstate TRS Fund submit costs on behalf of the entities that are ineligible. . . [A]ll entities providing VRS to users should meet the same eligibility criteria as entities that can recover from the Fund. Requiring this demonstration of competence would likely reduce the incidences of fraud and abuse and eliminate the prospect of VRS providers that are completely invisible to the Commission.”).

All entities that provide VRS services and ultimately receive compensation from the

fund, through whatever channels, should be required to adhere to federal standards and be certified by the Commission. The federal VRS certification process should include a meaningful evaluation of the applicant's communications experience, facilities, staff, funding, and other resources. Given the Commission's prior experience with some unscrupulous video relay providers, on-site visits should be conducted, and auditing should be an ongoing priority. VRS providers should be required to recertify periodically every few years. In developing a new VRS certification process, the Commission can draw on existing operational and other standards for interstate telephone relay services in Section 64.604, but the Commission should establish specific, new criteria for VRS providers. 47 C.F.R. § 64.604. Video relay is a unique interstate service unlike traditional relay services. It involves specialized technology and equipment and requires 24-hour-a-day access to interpreters that are fluent in American Sign Language. These factors, in addition to the well-documented fraud and abuse problems with the existing program, counsel in favor of a new, robust federal VRS certification process specifically tailored to video relay services.

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For these reasons, the Commission should enact VRS provider reimbursement measures that appropriately balance access to functionally equivalent services with the Commission's duty to administer the VRS program in an efficient manner. The measures should include an expectation that VRS costs (and corresponding reimbursement rates) will decrease over time and a new federal VRS provider certification process.

Respectfully submitted,

By: 

Michael E. Glover, *Of Counsel*

Karen Zacharia  
Christopher M. Miller  
VERIZON  
1320 North Courthouse Road  
9<sup>th</sup> Floor  
Arlington, VA 22201-2909  
(703) 351-3071

John T. Scott, III  
VERIZON WIRELESS  
1300 I Street, NW  
Suite 400 West  
Washington, DC 20005  
(202) 589-3770

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Attorneys for Verizon  
and Verizon Wireless